

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 278842

44

ORIGIN ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-01

INR-05 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 /077 R

DRAFTED BY ARA/NC:FJDEVINE  
APPROVED BY ARA - MR. DEVINE  
EB/OT - MR. SCHMIDT  
H - MR. RICHARDSON (IN DRAFT)  
ECP - MR. OLSEN (IN DRAFT)  
ARA/NC/V - MR. SONANDRES

----- 127338

O R 201829Z DEC 74  
FM SECSTATE WASHDC  
TO AMEMBASSY CARACAS IMMEDIATE  
INFO AMEMBASSY QUITO

LIMITED OFFICIAL USE STATE 278842

E.O. 11652: N/A  
TAGS: PFOR ETRD VE  
SUBJECT: VENEZUELAN REACTION TO TRADE BILL

REF: CARACAS 12466

1. IN VIEW OF PRESIDENT PEREZ ADVERSE PUBLIC COMMENT ON  
US TRADE BILL (REFTEL) AND IMMINENCE OF FINAL CONGRES-  
SIONAL ACTION THEREON, THIS SUBJECT MAY COME UP IN YOUR  
TALK THIS AFTERNOON WITH FOREIGN MINISTER SCHACHT.

2. MANDATORY EXCLUSION PROVISIONS OF TRADE BILL WITH  
RESPECT TO GSP REFLECT STRONGLY FELT PUBLIC AND  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 278842

CONGRESSIONAL CONCERNS. EXECUTIVE BRANCH DOES NOT

BELIEVE HOWEVER THAT THEY CONSTITUTE BEST APPROACH TO PROBLEM AND HAS THEREFORE WORKED TO HAVE THEM STRICKEN OR MADE DISCRETIONARY.

3. AS APPROPRIATE IN YOUR CONVERSATION WITH FON MIN SCHACHT, YOU MAY DRAW UPON FOREGOING, ASSURE HIM THAT ASSISTANT SECRETARY ROGERS HAS PERSONALLY PARTICIPATED IN THIS EFFORT BY CALLING ON NUMEROUS SENATORS AND THAT SECRETARY KISSINGER HAS TESTIFIED AS FOLLOWS:

QUOTE:

I WOULD BE REMISS IF I DID NOT ALSO TAKE THIS OPPORTUNITY TO COMMENT BRIEFLY ON ANOTHER PART OF THE TRADE BILL WHICH HAS IMPORTANT FOREIGN POLICY IMPLICATIONS.

YOU WILL RECALL, MR. CHAIRMAN, THAT I WROTE TO YOU IN SEPTEMBER TO EXPRESS MY STRONG SUPPORT FOR TITLE V OF THE TRADE REFORM ACT BECAUSE I CONSIDER THE PROMPT IMPLEMENTATION OF A MEANINGFUL SYSTEM OF GENERALIZED PREFERENCES IMPORTANT TO U.S. RELATIONS WITH DEVELOPING COUNTRIES. I AM GRATIFIED THAT THIS COMMITTEE HAS AGREED TO ENDORSE THE CONCEPT OF GENERALIZED TARIFF PREFERENCES. I HAVE, HOWEVER, SERIOUS QUESTIONS ABOUT THE DECISION OF YOUR COMMITTEE TO EXCLUDE AUTOMATICALLY CERTAIN CATEGORIES OF DEVELOPING COUNTRIES FROM THE BENEFITS OF THESE PREFERENCES.

THE CONCERNS WHICH THESE AMENDMENTS REFLECT ARE, I BELIEVE, SHARED BY ALL IN BOTH THE EXECUTIVE AND LEGISLATIVE BRANCHES OF OUR GOVERNMENT. I AM NOT OPPOSED TO HAVING THESE CONCERNS PUT ON THE RECORD.

HOWEVER, THESE AMENDMENTS, AS WE UNDERSTAND THEM, WOULD RESULT IN THE AUTOMATIC DENIAL OF PREFERENCES TO A NUMBER OF IMPORTANT DEVELOPING COUNTRIES. SUCH AUTOMATICITY COULD WORK TO OUR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 278842

DISADVANTAGE. FOR EXAMPLE, WOULD IT BE IN OUR INTEREST TO EXCLUDE ALL MEMBERS OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES, INCLUDING THOSE WHICH DID NOT PARTICIPATE IN LAST YEAR'S OIL EMBARGO?

MOREOVER, MANY OF THE COUNTRIES AFFECTED -- INCLUDING THOSE WHO CAN PLAY A ROLE IN HELPING

PREVENT RENEWED CONFLICT IN THE MIDDLE EAST --  
ARE JUST THOSE WITH WHICH WE ARE NOW ACTIVELY  
ENGAGED IN EFFORTS TO STRENGTHEN OUR RELATIONS  
AND TO WORK OUT MUTUALLY ACCEPTABLE SOLUTIONS TO  
DIFFICULT ECONOMIC AND POLITICAL PROBLEMS.

WITH RESPECT TO THE AUTOMATIC DENIAL OF  
PREFERENCES TO COUNTRIES EXPROPRIATING U.S. PROPERTY  
THE CONGRESS RECOGNIZED LAST YEAR THAT INFLEXIBLE  
SANCTIONS ARE NOT EFFECTIVE IN PROMOTING THE

INTERESTS OF AMERICAN CITIZENS OR BUSINESSES ABROAD,  
AND MODIFIED THE HICKENLOOPER AMENDMENT TO AUTHORIZE  
THE PRESIDENT TO WAIVE ITS SANCTIONS WHEN REQUIRED  
FOR OUR NATIONAL INTEREST. THE SAME AUTHORITY SHOULD  
BE PROVIDED IN THE TRADE ACT.

THIS COMMITTEE HAS MADE SEVERAL CHANGES IN  
TITLE V WHICH WE CONSIDER TO BE DISTINCT IMPROVE-  
MENTS. AT THE SAME TIME, I BELIEVE THAT TITLE V,  
AS PASSED BY THE HOUSE, CONTAINS AMPLE AUTHORITY  
TO PROVIDE OR TO DENY GENERALIZED PREFERENCES TO  
ANY COUNTRY WHENEVER IT IS IN THE OVERALL INTEREST  
OF THE UNITED STATES TO DO SO. I CAN ASSURE YOU  
THAT THE ADMINISTRATION WILL KEEP CONGRESS FULLY  
INFORMED IN ADVANCE OF THE BASIS FOR ANY DECISIONS  
ON BENEFICIARY STATUS. I AM CONFIDENT THAT YOU AND  
YOUR COMMITTEE WILL GIVE SERIOUS CONSIDERATION TO  
THE PROBLEMS I HAVE RAISED.

THE TRADE BILL IS ONE OF THE MOST IMPORTANT  
MEASURES TO COME BEFORE THE CONGRESS IN MANY YEARS.  
IT IS ESSENTIAL TO OUR HOPES FOR A MORE STABLE,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 278842

MORE PROSPEROUS WORLD. THIS CONGRESS IN THE TIME  
REMAINING TO IT THUS HAS AN OPPORTUNITY TO CONTRI-  
BUTE TO THE CONSTRUCTION OF A SAFER AND MORE PEACE-  
FUL WORLD. UNQUOTE KISSINGER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, PUBLIC ATTITUDES, LEGISLATIVE TESTIMONY, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE278842  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** FJDEVINE  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740371-0181  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741218/aaaaapbt.tel  
**Line Count:** 158  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 74 CARACAS 12466  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 SEP 2002 by cunninfx>; APPROVED <19 MAR 2003 by elyme>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VENEZUELAN REACTION TO TRADE BILL  
**TAGS:** PFOR, ETRD, VE, US, (KISSINGER, HENRY A), (PEREZ), (SCHACHT)  
**To:** CARACAS  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005